

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 2139 (Garcia) – As Amended April 7, 2026

SUBJECT: Surplus lands: exempt surplus land: City of Ontario

SUMMARY: Exempts the Ontario Sports Empire from the Surplus Land Act. Specifically, **this bill:**

- 1) Make various findings and declarations.
- 2) Creates a new category of “exempt surplus land” that applies to land owned by the City of Ontario that satisfies all the following requirements:
 - a) The land is located within the sports and entertainment district (district) commonly known as the Ontario Sports Empire.
 - b) The land is subject to a master plan, specific plan, or other land use plan formally adopted by the City of Ontario for the coordinated development of the Ontario Sports Empire.
 - c) The land is being transferred, leased, licensed, exchanged, or otherwise conveyed for one or more of the following purposes:
 - i) Stadium, arena, or other sports and entertainment facilities.
 - ii) Youth, amateur, or community sports fields, courts, or related recreational facilities.
 - iii) Public plazas, pedestrian areas, open space, trails, or other public-serving recreational amenities.
 - iv) Structured parking, circulation improvements, transit-supportive infrastructure, or other facilities necessary to support the district.
 - v) Hotel, conference, dining, retail, or other visitor-serving commercial uses that are ancillary or complementary to the Ontario Sports Empire.
 - vi) Office, maintenance, storage, operations, or other uses incidental to the development, operation, or support of the Ontario Sports Empire.
 - d) The City of Ontario finds, by resolution at a regular public meeting, all of the following:
 - i) The land is part of an integrated, master-planned regional sports, recreation, and entertainment project.
 - ii) The contemplated disposition is consistent with the adopted plan for the Ontario Sports Empire.
 - iii) Applying the exemption created by this bill would not impair the city’s ability to carry out the coordinated and phased development of the district.

- iv) The disposition will further public purposes, including recreational access, youth and amateur sports opportunities, economic development, job creation, tourism, or community-serving amenities.
- 3) Prohibits the exemption from applying to residential development.
- 4) Provides that the exemption only applies to dispositions within the boundaries of the Ontario Sports Empire as identified by the resolution required in d) of 1) above.
- 5) Finds and declares that a special statute is necessary and a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique characteristics, scale, and regional significance of the Ontario Sports Empire project.

EXISTING LAW:

- 1) Establishes the SLA. [Government Code (GOV) § 54220-54234]
- 2) Provides the following pursuant to the SLA:
 - a) Defines “disposition” to mean the sale of surplus land or the entering of a lease for surplus land for a term longer than 15 years, inclusive of any extension or renewal option included in the terms of the initial lease, entered into on or after January 1, 2024. (GOV § 54221)
 - b) Provides that “disposition” does not mean the entering of a lease for surplus land for a term of 15 years or less, inclusive of any extensions or renewal options, or the entering of a lease in which no development or demolition occurs, regardless of the term of the lease. (GOV § 54221)
 - c) Provides that a local agency that disposes of surplus and in violation of the SLA is liable for a 30% penalty of the applicable disposition value for a first violation, and 50% for any subsequent violation. Defines “disposition value” to mean either of the following:
 - i) The final sale price of the land or the fair market value of the surplus land at the time of sale as determined by an independent appraisal of the land, whichever is greater.
 - ii) The discounted net present value of the fair market value of the lease as of the date the lease was entered into, as determined by an independent appraisal of the lease. (GOV § 54230.5)
 - d) Requires, if a local agency is disposing of surplus land and has received notification from the Department of Housing and Community Development (HCD) that the disposition violates the SLA, the local agency to hold an open and public meeting to review and consider the substance of the notice of violation. A local agency shall not take final action to ratify or approve the proposed disposal of surplus land until this public meeting is held. This public meeting is no longer required if the local agency ceases to dispose of the surplus land after receiving a notice of violation from HCD. (GOV § 54230.7)
 - e) Provides, until January 1, 2030, that if HCD notifies the County of Orange or a city within the County of Orange that its planned disposition of surplus land is in violation of

the SLA, the jurisdiction shall have 60 days from the date of receipt of the notification of the violation to cure or correct an alleged violation, unless HCD decides that the alleged violation is not a violation within the 60 days. If the jurisdiction has not cured or corrected any alleged violation within 60 days, it shall not dispose of the land until HCD determines that the jurisdiction has complied with the SLA or deems the alleged violation not to be a violation. (GOV §54230.8)

- f) Requires, until January 1, 2030, a jurisdiction that receives a notice of violation from HCD pursuant to e), above, to respond to HCD with a statement describing the actions taken to cure or correct the alleged violation within 60 days of receipt of the notice. HCD shall determine if the local agency's actions have cured or corrected the alleged violation and whether the planned disposal of surplus land would constitute a violation and notify the jurisdiction of its determination within 30 days. (GOV § 54230.8)

FISCAL EFFECT: None.

COMMENTS:

- 1) **Bill Summary.** This bill creates a new exemption for the Ontario Sports Empire in the City of Ontario. The City of Ontario can make use of this exemption if the City finds by resolution that: the land is part of an integrated, master-planned regional sports, recreation, and entertainment project; the disposition is consistent with the adopted plan for the district; applying the exemption would not impair the city's ability to carry out the coordinated and phased development of the district; and, the disposition would further public purposes. These public purposes include recreational access, youth and amateur sports, economic development, job creation, tourism, and community-serving amenities. The bill provides that the exemption shall not apply to a residential development.

This bill is sponsored by the City of Ontario.

- 2) **Author's Statement.** According to the author, "California's Surplus Land Act serves an important statewide purpose by prioritizing affordable housing and other public uses when local agencies dispose of land that is no longer needed for agency operations. However, the Act was not designed with every type of large-scale, integrated public project in mind. The Ontario Sports Empire is a unique multi-phase regional sports and entertainment complex intended to function as a unified destination for youth and amateur athletics, community recreation, tourism, hospitality, and economic development. Because the project depends on coordinated planning, phased development, long-term leases, and public-private partnerships across a single master-planned site, applying the Surplus Land Act's parcel-by-parcel notice and negotiation process to each component could create uncertainty, delay implementation, and undermine the City of Ontario's ability to deliver the project as intended.

"This bill is needed to provide a narrow, project-specific exemption that recognizes the distinct nature of the Ontario Sports Empire while preserving the overall framework of the Surplus Land Act. The proposal is not a broad rollback of surplus land law, but a targeted solution for a defined regional project expected to generate substantial public benefits, including expanded recreational opportunities, youth sports access, job creation, tourism, and local economic activity in the Inland Empire. By allowing the City of Ontario to dispose of and lease land within the project area in a coordinated manner consistent with an adopted

plan, this bill will help ensure the successful development of a major community and regional asset.”

- 3) **Background.** According to the City of Ontario, the Ontario Sports Empire is 199 acres and will be home to a minor league baseball stadium, 8 baseball/softball fields, 4 multiuse soccer/football fields, 8 soccer fields, plaza areas, baseball and soccer concession buildings, family activity areas, playgrounds, ticket booths, hotels, retail, dining, entertainment, and parking.
- 4) **Surplus Land Act.** Public agencies are major landlords in some communities, owning significant pieces of real estate. When properties become surplus to an agency’s needs, public officials sometimes want to dispose of the land, which means to sell or lease it for more than fifteen years, to recoup their investments. The SLA spells out the steps local agencies must follow when they want to dispose of land. It requires local governments to give a “first right of refusal” to other public agencies, nonprofit housing developers, schools, and parks and recreation departments. After notifying these groups that the land is available, the disposing agency must negotiate in good faith with these interested parties for 90 days to try to come to agreement before the local agency can dispose of the surplus land.
- 5) **Revenue Generation and the SLA.** Generally, before local officials can dispose of property, they must declare that the land is no longer needed for the agency’s use in a public meeting and declare the land either “surplus land” or “exempt surplus land.” AB 480 (Ting), Chapter 788, Statutes of 2023, allowed certain types of exempt surplus land to be declared exempt ministerially, in-lieu of a public hearing. The local agency must publish a notice and allow for public comment for a minimum of 30 days. Land that is being used for an agency’s work or operations is not surplus and therefore is not disposed. Pursuant to GOV § 54221 (c), “agency’s use” includes land that is being used, or is planned to be used pursuant to a written plan adopted by the local agency.

As a general rule, “agency’s use” cannot include commercial or industrial uses or activities, and land disposed of for the purpose of investment or generating revenue cannot be considered necessary for the agency’s use. As a result, cities and counties are limited in their ability to dispose of properties for economic development or revenue generation purposes. However, most special districts are not subject to those restrictions on agency’s use as long as they can demonstrate that use of the site will do one of the following:

- a) Directly further the express purpose of agency work or operations.
- b) Be expressly authorized by a statute governing the local agency.

The SLA designates certain types of land as “exempt surplus land.” Statute provides that the entirety of the SLA does not apply to disposals of exempt surplus land. However, some exemptions have requirements for eligibility. If the disposal is not consistent with the exemption claimed, the disposition may be illegal. All other surplus land must follow the procedures laid out in the SLA before a local agency can dispose of it.

- 6) **Process of the SLA.** Before agencies can enter into negotiations to dispose of surplus land, they must send a written notice of availability to various public agencies and nonprofit

affordable housing developers, commonly referred to as “housing sponsors,” notifying them that land is available for the following purposes:

- a) Low- and moderate-income housing;
- b) Park and recreation, and open space;
- c) School facilities; or
- d) Infill opportunity zones or transit village plans.

Housing sponsors can notify HCD if they are interested in acquiring surplus land to develop affordable housing. HCD maintains a list of notices of availability on its website.

If another agency or housing sponsor wants to buy or lease the surplus land for one of these purposes, it must tell the disposing agency within 60 days. If multiple entities want to purchase the land, the housing sponsor that proposes to provide the greatest level of affordable housing gets priority. The agency and the housing sponsor then have an additional 90 days to negotiate a mutually satisfactory price and terms in good faith. If they cannot agree, the agency that owns the surplus land can sell the land on the private market. If surplus land is not sold to an affordable housing developer, but housing is developed on it later, 15 percent of the units must be sold or rented at an affordable cost to lower income households.

The SLA says that nothing in its provisions:

- a) Limits the power of any local agency to sell or lease surplus land at fair market value or less than fair market value;
 - b) Prevents a local agency from obtaining fair market value;
 - c) Limits a local agency’s authority or discretion to approve land use, zoning, or other entitlement decisions in connection with surplus land; or
 - d) Requires a local agency to dispose of land just because it is surplus.
- 7) **Penalties under the SLA.** Local agencies that dispose of surplus land in violation of the SLA face penalties totaling 30 percent of the sales price or the appraised fair market value at the time of disposition for the first violation, and 50 percent for subsequent violations. These penalty revenues must be deposited in a local housing trust fund. The enforcement process in the SLA requires that: Prior to agreeing to terms for the disposition of surplus land, a local agency must provide HCD with a description of the notices of availability sent, and negotiations conducted with any responding entities, as specified. HCD must submit written findings to the local agency within 30 days of receipt of the description of the disposal if the proposed disposal of the land will violate SLA.

A local agency has at least 60 days to respond to the findings before HCD may take further action. The local agency must consider findings made by HCD and then either correct any issues found by HCD or respond in writing explaining why the disposal complied with the SLA. If the local agency does not respond or does not address the issues, HCD must notify

the local government and may notify the Attorney General that the disposal violates the SLA. A local agency cannot be held liable for the penalties under the SLA if HCD does not notify the agency that the agency is in violation within 30 days of receiving the description.

- 8) **SLA Reform.** In 2023, AB 480 (Ting), Chapter 788 and SB 747 (Caballero), Chapter 786 made significant changes to the SLA. Together the bills attempted to strike a balance between ensuring comprehensive coverage of dispositions, while enacting exemptions and other changes that would streamline the process for local governments. Specifically, AB 480 and SB 747:
- a) Defined “dispose” to include leases of longer than 15 years that are entered into on or after January 1, 2024, but excluded leases of terms 15 years or less and leases where no development or demolition will occur.
 - b) Applied penalties to leases that violate the SLA, but provided that penalties don’t apply to non-substantive violations of the SLA.
 - c) Added numerous categories of exempt surplus land, such as properties smaller than one-half acre, specified mixed-use developments and developments on larger sites that include affordability requirements, airport land, and others.
 - d) Authorized disposal of certain categories of exempt surplus land without a public hearing, as long as specified notice is provided.
 - e) Established additional types of activities that explicitly qualify as “agency’s use.”
 - f) Extended provisions that allow projects with an exclusive negotiating agreement in place to follow a previous version of the SLA.
- 9) **Policy Considerations.** The Committee may wish to consider the following:
- a) **New Exemption to the SLA.** This bill creates a new exemption in the SLA for recreational purposes that include commercial retail, food and concessions, and a minor league baseball stadium across almost 200 acres. This new exemption also does not apply to residential development. While there are exemptions in the SLA that do not require housing to be built to make use of the property, they are limited in scope. These exemptions include the following:
 - i) The surplus land is less than one-half acre and is not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes.
 - ii) The surplus land is transferred to another public agency or a third-party intermediary for future dedication of the receiving agency’s use.
 - iii) Surplus land that is a former street, right-of-way, or easement and is conveyed to an owner of an adjacent property.
 - iv) Land that was granted by the state for trust purposes and for which disposal of the land is authorized or required subject to conditions established by statute.

v) Land for school districts and community colleges.

vi) Land that is for an agency's use.

Since part of the Ontario Sports Empire will be used for sport fields, walkways, and circulation improvements, at least a portion of the land may be eligible for the existing exemption allowing disposition of property necessary for the agency's use. However, land that is solely used for revenue generation or investment is not considered to be necessary for the agency's use under the SLA. To that effect, new stadiums, hotels, retail, and dining uses are not covered by an existing exemption, if the disposition does not incorporate the development of housing. The Committee may wish to consider whether it is necessary to create a new exemption for the entire 199-acres and the precedent of creating a new exemption for commercial and entertainment uses without requiring housing.

- b) **Dispositions of Large Sites.** The bill finds and declares that “due to the size, configuration, and infrastructure needs and phased development of the project, strict application of the SLA disposal requirements would impair the ability of the local agency to implement a cohesive, long-term development strategy and to enter into public-private partnerships necessary to finance and construct the project.”

Existing law in the SLA provides an exemption for disposition of 10 acres or more. This exemption allows the disposition to be either a single parcel, or two or more adjacent or nonadjacent parcels combined for disposition to one or more buyers if housing is included. This large disposition exemption requires the construction of a minimum of 300 units of housing or the number of housing units equivalent to 10 times the number of acres, whichever is higher. In addition, a minimum of 25% of the total number of units must be affordable to lower income households. This exemption requires that the affordable housing units be made available at the same time as nonresidential development. For example, if 25% of the nonresidential development is made available for lease or sale then 25% of the affordable units must be made available for lease or sale at the same time, and so on.

This structure reflects the common themes in existing exemptions created for project- and jurisdiction-specific large dispositions. For example:

- i) Alameda Point Naval Air Station (NAS)- A category of exempt surplus land was created for this former military base subject to a military base reuse plan established in 1996 and a 2001 settlement agreement. The settlement agreement established that "25% of all newly constructed housing units at Alameda Point shall be made permanently affordable as follows: 10% of all newly constructed housing units shall be made permanently affordable to households with incomes at or below 80% of median income; and the remaining 15% of newly constructed housing units to made affordable shall be made affordable under the criteria set forth in California Health & Safety Code section 33413(b)(2), as it may be amended, or in any successor section." In total, this exemption requires 1,400 units across 5 acres.
- ii) Chula Vista University and Innovation District- This exemption was created by a budget trailer bill in 2023. The exemption applies to land that was subject to a “sectional planning area” document adopted prior to January 1, 2019. The land was

acquired before 2019 with conditions on use, and at least 25% of the total number of housing units developed at a minimum density of 10 units per acre across the sectional planning area are affordable to lower income households.

In October of 2021, the City of San Diego issued a notice of availability for 49 acres of surplus land to redevelop the San Diego Sports Arena site in the Midway District, known as the Midway Rising Project. The Midway Rising Project includes 4,250 housing units of which 2,000 are affordable to lower income households, a 16,000-seat sports arena, a multi-acre park, and a mixed-entertainment, arts, and cultural district. This project exceeds the affordability requirement of the exemption and contains similar uses as the Ontario Sports Empire. The Committee may wish to consider if a new exemption is prudent given the existing exemption and that other similar developments are including housing development.

- c) **Additional Details.** The Ontario Sports Empire is described in the bill as a sports and entertainment district and would be subject to a land use plan not yet created or adopted. Previous project-specific exemptions have included requirements that the surplus land be subject to an established land use plan and that the area of the surplus land has been identified in a land use plan or settlement agreement. This bill does not include those details.

Additionally, other project-specific SLA exemptions have included HCD oversight and accountability measures through penalties. This bill does not include those guardrails. The Committee may wish to consider if it is prudent to add additional guardrails to this bill similar to those in other project-specific exemptions.

- d) **Application of State Law.** The large disposition exemption and the project-specific exemptions have required certain commitments to the development of affordable housing. This bill provides that the exemption shall not apply to residential development. The Committee may wish to consider if there should be a more specific public benefit consistent with prior SLA exemptions for this bill's SLA exemption.

10) **Committee Amendments.** To address the policy considerations above, the committee may wish to consider the following amendments:

- a) Provide additional details on the land eligible for the exemption, including the use of Accessor Parcel Numbers and limiting the total square footage eligible for the exemption.
- b) Specify that the disposition will not allow industrial uses.
- c) Require the City of Ontario to notify HCD of its disposition of exempt surplus land pursuant to this bill.
- d) Require that the City of Ontario be liable for penalties under the SLA if the land is disposed of in violation of the exemption.
- e) Require the City of Ontario to provide an additional public benefit to access the exemption.

- f) Require that any requirements of the exemption be contained in covenants recorded against the property that runs with land and is enforceable against any owner of successor in interest who violates or continues a violation of the covenants or restrictions on the property.

11) **Related Legislation.** AB 2512 (Valencia) provides that, if an exemption under the Surplus Land Act (SLA) is applied to the disposition of Angel Stadium by the City of Anaheim to the Los Angeles Angels, any disposition documents and promotional or marketing materials refer to the team as the Anaheim Angels, except under certain conditions. This bill is in the Assembly Local Government Committee.

AB 2525 (Ward) exempts Mission Bay Park in San Diego from the SLA. This bill is in the Assembly Local Government Committee.

12) **Previous Legislation.** AB 79 (Alvarez) modifies the affordability and density requirements of the Surplus Land Act (SLA) exemption that applies to land subject to a sectional planning document adopted prior to January 1, 2019. This bill was vetoed by the Governor.

AB 480 (Ting), Chapter 788, Statutes of 2023 made numerous changes to the SLA, including the disposal process, the authority of the Department of Housing and Community Development (HCD), and penalties for violations.

AB 1734 (Jones-Sawyer), Chapter 769, Statutes of 2023, created, until January 1, 2034, a specific process under the SLA for the disposition of land in the City of Los Angeles for affordable housing and low barrier navigation centers.

AB 837 (Alvarez) of 2023 created an SLA exemption for land acquired by a local agency for the development of a university and innovation district. AB 837 was held in Senate Local Government. However, substantially similar policy adopted via a budget trailer bill was enacted into law in 2023.

AB 983 (Cervantes) of 2023 would have categorized as exempt surplus land, properties that are designated in an adopted downtown revitalization plan, as specified. AB 983 was held in the Assembly Local Government Committee.

AB 2319 (Bonta) Chapter 963, 2022, created an exemption from the Surplus Lands Act (SLA) for the Alameda Naval Air Station (Alameda Point).

AB 1271 (Ting) of 2021 would have expanded the types of land exempt from the SLA, imposed new procedural requirements on local agencies disposing of surplus land, and made various technical changes to the SLA. AB 1271 was held in Assembly Housing Committee.

AB 1486 (Ting) Chapter 664, Statutes of 2019, expanded the scope of local agencies subject to the SLA, revised the definitions of “surplus land” and “exempt surplus land,” revised the noticing requirements relative to local agencies, housing sponsors and HCD, and added penalties for local agencies that sell land in violation of the SLA.

SB 1439 (Ashby) of 2023 created a new exemption under the Surplus Land Act (SLA) for specified parcels in the City of Sacramento, if the parcels are being or will be developed for

specified health facilities. This bill was held in Assembly Housing and Community Development.

SB 747 (Caballero), Chapter 786, Statutes of 2023, made numerous changes to the Surplus Lands Act (SLA), including modifying SLA procedures, defining disposals of surplus land to include leases of longer than 15 years, altering the definition of exempt surplus land, and other changes.

SB 719 (Min) of 2021 would have provided that land comprising the former Tustin Marine Corps Air Station is exempt surplus land for the purposes of the SLA if certain affordability standards for residential developments and other conditions are met. This bill was held in Assembly Local Government.

- 13) **Arguments in Support.** The City of Ontario, sponsor of the bill writes in support, “California’s Surplus Land Act serves an important statewide purpose by prioritizing affordable housing and other public uses when local agencies dispose of land that is no longer needed for agency operations. However, the Act was not designed with every type of large-scale, integrated public project in mind. The Ontario Sports Empire is a unique multi-phase regional sports and entertainment complex intended to function as a unified destination for youth and amateur athletics, community recreation, tourism, hospitality, and economic development. Because the project depends on coordinated planning, phased development, long-term leases, and public-private partnerships across a single master-planned site, applying the Surplus Land Act’s parcel-by-parcel notice and negotiation process to each component could create uncertainty, delay implementation, and undermine the City of Ontario’s ability to deliver the project as intended.

“This bill is needed to provide a narrow, project-specific exemption that recognizes the distinct nature of the Ontario Sports Empire while preserving the overall framework of the Surplus Land Act. The proposal is not a broad rollback of surplus land law, but a targeted solution for a defined regional project expected to generate substantial public benefits, including expanded recreational opportunities, youth sports access, job creation, tourism, and local economic activity in the Inland Empire. By allowing the City of Ontario to dispose of and lease land within the project area in a coordinated manner consistent with an adopted plan, this bill will help ensure the successful development of a major community and regional asset. As such, we request support for AB 2139 as proposed to be amended.”

- 14) **Arguments in Opposition.** Public Advocates, NonProfit Housing Association of Northern California, East Bay Housing Organizations, San Diego Housing Federation, and the Public Interest Law Project write in opposition, “Since 2021 the Surplus Land Act has helped create over 37,000 homes statewide including over 23,000 new deed-restricted affordable homes. This tool is especially important to protect at a time when over 180,000 Californians are experiencing homelessness on any given night and where voters consistently rank housing and homelessness as their top concerns. Our particular concerns are:

“There are existing exemptions for master-planned developments and they all require development of affordable housing. In previous SLA legislation, the legislature has been willing to accommodate multi-phased, master-planned mixed-use developments, but those exceptions all require development of affordable housing. See, e.g., Gov. C. 54221(f)(1)(H), (I), (N), and (P). In stark contrast, the exception created by AB 2139 would provide no

requirement to make this publicly owned land available for affordable housing development. The author and the sponsors should work with the Department of Housing and Community Development to understand what is possible under normal disposition of land under the SLA and to explore the applicability of these existing exemptions to the City's project.

“The City of Ontario has not met its RHNA obligations for low-income housing. The City's current housing element indicates that there were no affordable housing developments in the pipeline to accommodate any of the City's 8,926-unit regional housing need for lower income housing. AB 2139 would remove 199 acres of land from even the possibility of helping satisfy the unmet RHNA obligations.

“This exemption trades away affordable housing with no commensurate public benefit...”

15) **Double Referral.** This bill is double-referred to the Assembly Housing and Community Development Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

City of Ontario - **SPONSOR**

California Association for Local Economic Development (CALED)

Western Electrical Contractors Association

Opposition

East Bay Housing Organizations

Non-profit Housing Association of Northern California (NPH)

Public Advocates

Public Interest Law Project

San Diego Housing Federation

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